



CLEARING THE PAPER CLUTTER

What Financial Stuff to Hold and What to Shred

BY RBC WEALTH MANAGEMENT AND LAURI BINIUS DROSTER, CFP, MBA

If your file cabinets are overflowing with old statements and records, you are not alone. Knowing what you should retain and what you can shred is a common question.

BANK STATEMENTS

Get rid of bank deposit slips and ATM receipts once you've reconciled your statement. You need to keep the statement if you're paying bills online—and especially

if any of those bills are going toward tax deductions. Your bank statement is really the only record of online transactions. Keep them for three years.

TAX RETURNS

Keep your tax returns for seven years. Toss your supporting documents three years after you filed your taxes. You're usually safe from being audited after that time,

unless you forgot to report a big chunk of your income. If you have self-employment income, keep the records for at least six years.

MUTUAL FUNDS AND STOCKS

Keep records showing what you originally paid for investments until you sell them and report the gain or loss on your taxes. Hold on to your year-end statements showing how much you received in dividends

or capital gains so you won't end up paying taxes on them twice. Toss your monthly statements if everything matches up with your year-end report.

IRA CONTRIBUTIONS AND 401(K)

If you made a nondeductible contribution to an IRA, keep the records indefinitely to prove that you already paid tax on this money when the time comes to withdraw. Keep the quarterly statements until you receive the annual summary. Keep the annual summaries until you retire or close the account.

HOME IMPROVEMENTS

Even though most homeowners can keep their home-sale profits tax free, it's important to keep home improvement receipts for as long as you own the house. You could end up paying a tax bill when you sell your home if you have lived in it for less than two years, if you end up renting it, or if you end up with more than \$250,000 in profit if single or \$500,000 if married. All home improvements that add value to your home (not just regular repairs) can lower your tax bill.

CREDIT CARDS

After making sure they match your statement, throw credit card receipts away. Keep credit card statements for three years.

HOLD ON FOREVER

Never throw away birth or death certificates, marriage licenses, military discharge papers, loan discharge notices, and Social Security cards.

WHEN YOU TOSS

Financial information can be very valuable to thieves, especially papers that have credit card numbers and Social Security numbers on them. Buy a shredder or take your old

papers to your next meeting with your financial advisor for shredding.

SHARE WITH YOUR FAMILY

After you have organized your financial papers, have a conversation with your adult children so they know where to find important financial information in case you are incapacitated someday.

WHERE TO STORE

Buy a home, fireproof safe to put your will and other important papers in. Make sure your power of attorney or designated family member knows how to access your safe.

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Are you being targeted or victimized by a scammer? The Bureau of Consumer Protection mediates consumer complaints and helps consumers learn about their rights. Visit our website or contact us to learn more about Wisconsin's Do Not Call telemarketing law and to get copies of the Wisconsin Senior Guide and other informational brochures.

FUNERAL PREPLANNING

Important piece of the aging process but often overlooked or neglected. Visit with professionals to know your options so you can make decisions rather than having decisions made for you by others.

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Prearranging is simple, and the benefit to loved ones is well recognized. The benefits are numerous: they allow you to express your own wishes, your funeral plan is transferable in case you move away, and prearranging relieves your family of the financial burden. By relieving your family of decisions at a difficult time, you are showing your love and respect for their needs.